Macro Research
Economic Forecasts

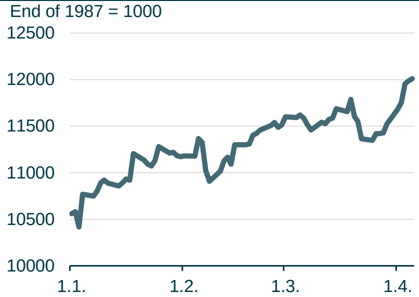
April / May 2019

Much ado about (almost) nothing.

As if the never-ending wrangling in the trade war between China and the USA together with the United Kingdom's pending exit from the EU were not already enough to keep the markets and investors on tenterhooks. No! To add insult to injury, the Eurozone March purchasing managers' index for the manufacturing sector has slumped into contraction territory. Moreover, hard data such as German incoming orders and manufacturing output for February also proved disappointing. Little wonder that for fear of a recession many investors have fled into safe havens such as German government bonds. As a result the yield on 10-year Bunds is now near zero.

The major central banks, above all the US Fed and the ECB, have enhanced scepticism on the markets as they became more cautious with respect to planned measures to tighten monetary policy, for the time being at least. The Fed is not planning any further key-rate hikes and whether the ECB will raise key rates in the foreseeable future is anyone's guess.

German Share Index DAX



Performance						
from	05.04.13	05.04.14	05.04.15	05.04.16	05.04.17	05.04.18
to	05.04.14	05.04.15	05.04.16	05.04.17	05.04.18	05.04.19
DAX	26,60%	23,43%	-20,09%	27,75%	0,72%	-2,40%

Source: Deutsche Börse AG , DekaBank.

However, on the equity markets optimism has prevailed. This can be attributed largely to the progress made in trade negotiations between China and the USA, further strong economic data from the USA and expectations that the Chinese economy will also stage a recovery in the course of the year. And not least because the cautious stance of the major central banks is underpinning risky assets such as equities.

It is not yet clear whether in the course of the current year or in the coming year we are heading for a global downturn, or whether the current discussion over risk is only, as is so often the case, much ado about nothing. In our opinion, current economic development, in Europe as well, is too stable for a sudden slide into global recession. And last year's fears that the central banks would squeeze the economy by raising interest rates have vanished. As a result, the central banks are no longer regarded as villains, but saviours.

We still expect that the global economy will continue to grow, albeit at a more modest pace than in recent years, and will remain on an upswing path. At the same time, the interest yielded by safe financial investments remains extremely low. This is a combination of circumstances that, if it persists, is favourable for the equity markets. However, in view of the many uncertainties that still exist equity prices will continue to be subject to a substantial degree of volatility

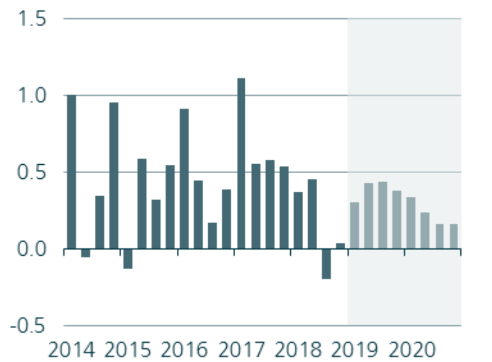
Contents

Most important forecast revisions

- Germany: inflation 2019 and 2020 1.5 % and 1.9 % (previously 1.6 % and 2.0 %).
- Eurozone: inflation 2020: 1.6 % (previously 1.8 %).
- USA: GDP growth 2020: 2.0 % (previously 1.8 %).
- ECB: key-rate hikes to start later.
- Bonds: smaller rise of long-term Bund yields.
- US monetary policy: only one key-rate hike before the end of 2020.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



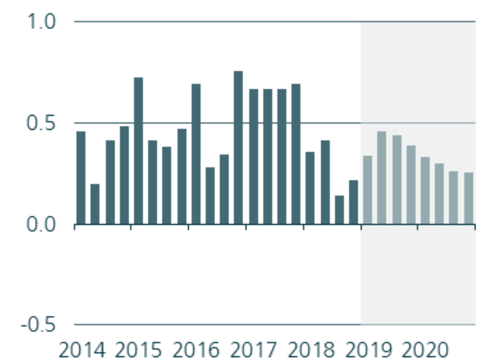
Sources: Destatis, forecast DekaBank

Germany

The German economic engine is still spluttering. The backfires are coming from the manufacturing sector, which is suffering from the weakness of global trade, as well as from temporary factors. Incoming orders and manufacturing output have both proved correspondingly weak. However, at least domestic demand can still be relied upon, which is reflected in the sharp increase in retail sales and the phenomenal rise in construction output in February. Future prospects appear somewhat brighter now, thanks to improved Chinese purchasing managers' indices and the rising OECD global leading indicator.

Forecast revision: inflation 2019 and 2020 1.5 % and 1.9 % (previously 1.6 % and 2.0 %).

Eurozone: GDP (% qoq, sa)



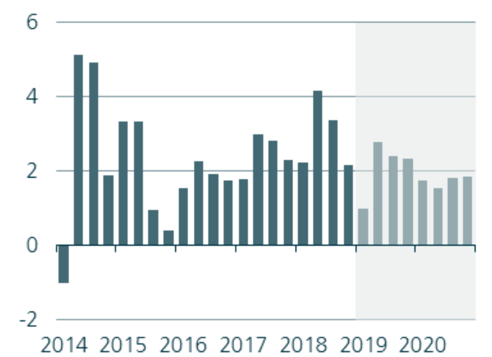
Sources: Eurostat, forecast DekaBank

Eurozone

European indicators of market sentiment suggest that in the first quarter of 2019 the economy will have bottomed out and is not likely to slide into recession. However, the economy has clearly been divided. Whereas export-oriented companies have clearly suffered from the weakening of global trade, the trade war and the uncertainties of Brexit, the rest of the economy has more than compensated for these effects. An important mainstay of the domestic economy has been the very healthy state of the labour market. This year several important collective agreements have been reached with respect to wage policy. However, wage growth is likely to be limited in the immediate future, unless economic prospects improve. In such a situation the positive development of the labour market will also lose momentum.

Forecast revision: inflation 2020: 1.6 % (previously 1.8 %).

USA: GDP (% qoq, ann., sa)



Sources: Bureau of Economic Analysis, forecast DekaBank

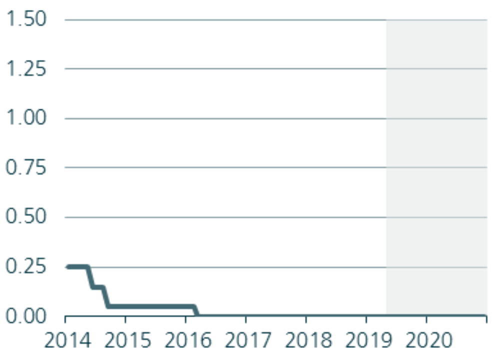
USA

Economic data published to date confirm our assessment of a rather weak increase in economic activity in the first quarter. The dynamics of private consumption in particular will have been moderate at best. However, corporate investment appears to be on the right path and indicators of corporate sentiment have given the all-clear. We continue to believe that the current economic weakness can be attributed to temporary factors (government shutdown, reduction of inventory levels). The first signs of economic revival have been given by the level of construction investment, which is particularly sensitive to interest rates. All in all, the economic outlook has improved somewhat because for the year to come the Fed appears to have switched from a slightly restrictive to a neutral monetary policy.

Forecast revision: GDP growth 2020: 2.0 % (previously 1.8 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



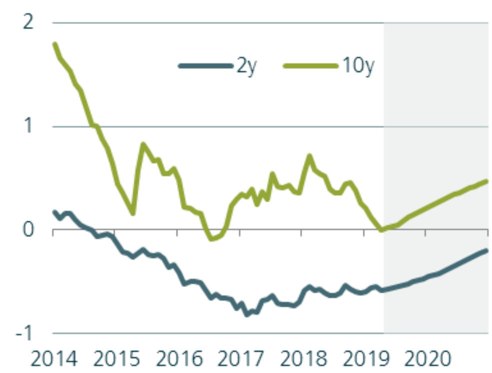
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

In recent weeks President Draghi and other ECB Council members have referred to the possibility of a tiered deposit rate. Together with the adjusted forward guidance presented in March and the macroeconomic projections that have been revised down this underscores the fact that the ECB is now preparing to hold key rates at their current level for a very long time, if need be. In view of dampened growth prospects and continued low levels of core inflation we assume that the ECB will only raise the deposit rate in September 2020. A tiered deposit rate would alleviate the impact of negative interest rate policy on bank profitability, but would have no greater effects on EONIA rates. At most the gap between EURIBOR and EONIA rates could widen a little. The ECB should reach a decision on a tiered-deposit rate in a few months. Should it decide in favour of this option, this could be seen as confirmation that key-rate hikes have been pushed further into the future.

Forecast revision: key-rate hikes to start later.

German Bond Yield (% p.a.)



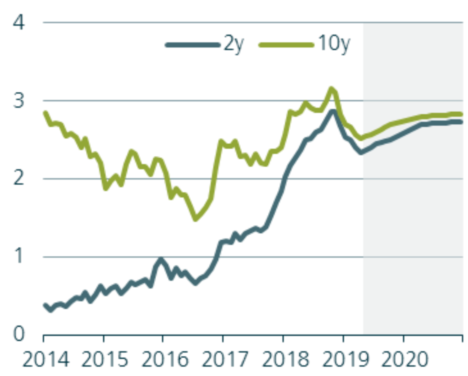
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Negative yields on 10-year Bunds are on the one hand a reflection of fears of recession, which we do not share, especially with respect to the Eurozone. On the other hand, they they are based on the belief that even in a period of continued economic growth the major central banks will not tighten their monetary policy significantly. The Fed is considering a lengthy pause in interest rate hikes, whereas the ECB is not concerned with exiting its current monetary policy, but rather with economic downside risks. Against a backdrop of smouldering trade conflicts and an pending Brexit very clear signals are needed from economic data to raise the long end of the Bund curve. In the months to come, therefore, 10-year Bund yields will probably remain only very slightly above zero.

Forecast revision: smaller rise of long-term Bund yields.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

With more clarity than had been expected FOMC members lowered their key-rate projections at their interest rate meeting in March. A majority of FOMC members now expect no key-rate hikes in the current year and only one in the year to come. In contrast to the interest-rate outlook in December 2018, FOMC members no longer see any necessity to raise key rates into the monetary restrictive zone. We have made similar adjustments to our key-rate forecasts. The lack of a restrictive monetary policy in the meantime means that we now expect no further lowering of interest rates in 2021. As a result, the yield curve will probably flatten somehat.

Forecast revision: only one key-rate hike beforel the end of 2020.

Markets: Industrial countries

Equity Market Forecast

	Current Apr 5, 19	in 3	in 6 months	in 12
DAX	**12 009.75**	**11 200**	**11 700**	**12 500**
Reporting:				
EuroStoxx50	3 447.47	3 150	3 300	3 400
S&P 500	2 892.74	2 650	2 700	2 800
Topix	1 625.75	1 450	1 500	1 550

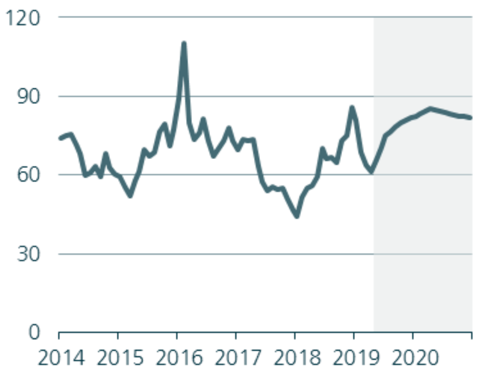
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Although the environment for the German economy remains difficult, it has not deteriorated in recent weeks and the Ifo index has even registered a slight recovery. Above all, improved sentiment in China has triggered hope on the capital market that this might soon stabilise prospects for German companies. In such a very shaky economic environment company first-quarter reports, and in particular their outlooks for business activity, have a vital role to play. Uncertainties with respect to trade relations and important political decisions will probably put pressure on share prices in the short term. Following the strong recovery rally since the beginning of the year, these are now ready for a standard correction. In the long term the prospect of much later first key-rate hikes has a marked positive impact on the equity market, so that setbacks should prove to be very modest and limited in time.

Forecast revision: slight upward revision of the 3-month forecast.

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Alarmingly weak data from the Eurozone manufacturing sector and above all Germany have triggered unease on the capital markets. At the same time, however, the service sector has proved remarkably stable and has prevented the economy as a whole from sliding into a recession. For the credit markets, however, the central banks' dovish signals have been more decisive. The ECB's announcement of new TLTROs and prospects of a long-lasting low-interest environment have enabled investors to ignore disappointing business results. In any case, market expectations for the first half-year with respect to quarterly results are no longer particularly high. It is consequently much more important that company outlooks sustain hopes of a rapid recovery.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

The covered bond issuing houses have been less busy in March than at the beginning of the year. Nevertheless, all in all, the volume of new issues remained greater than in previous years. However, there have been no large issues of German mortgage bonds in March. Due to investors' readiness to subscribe, new-issue premiums could be lowered further. New bonds now have hardly any premium to offer against the secondary market. Investors' pressing demand together with weakening issuing activity has underpinned the trend towards covered bonds' narrowing spreads. In the ASW spread 10-year German mortgage bonds are again nearing the mark of zero basis points. As in the meantime absolute yields up to about five years are negative again, the air for a further outperformance of mortgage bonds is becoming increasingly thin.

Markets: Industrial countries

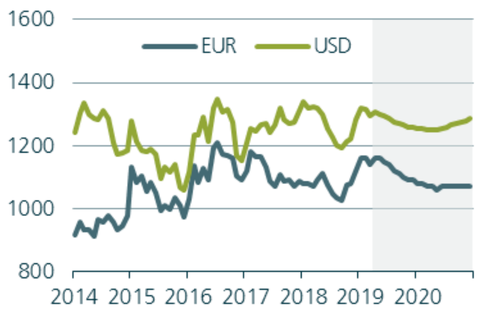
Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

It has been an eventful month for the Euro. At the beginning of March the EUR-USD exchange rate stood at 1.14 EUR-USD. Immediately after the ECB's interest-rate meeting and the following press conference it slumped to 1.11 EUR-USD, as expectations for a key-rate hike had been pushed further into the future. However, thanks primarily to the Fed's interest-rate decision it was boosted to 1.14 EUR-USD by March 21st. Meanwhile, the Fed has held out the prospect of an early end to the rate-hike cycle in 2020, after one further hike of 25 basis points. Against a backdrop of weak European economic data the exchange rate dropped to 1.12 EUR-USD in the last week of March.

Gold price (per troy ounce)



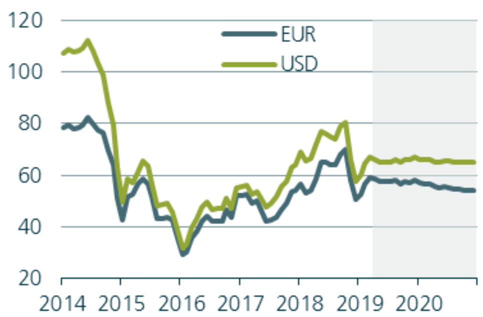
Per-formance	from 31.03.13 to 31.03.14	31.03.14 31.03.15	31.03.15 31.03.16	31.03.16 31.03.17	31.03.17 31.03.18	31.03.18 31.03.19
Gold in Euro	-25.08%	18.34%	-1.67%	7.52%	-7.70%	7.07%
Gold in USD	-19.53%	-7.82%	4.32%	1.06%	6.05%	-2.25%

Sources: Bloomberg, forecast DekaBank

Gold

In the last two months the gold price has moved sideways in a band between USD 1,280 and USD 1,330. The gold price has been supported by the fact that both the Fed and the ECB were more cautious in their communications with respect to any further possible tightening of their monetary policy. Moreover, smouldering political risks such as the trade war or Brexit have tended to make gold more attractive. At the same time, if we are to believe the indicators of market sentiment, global economic growth is stabilising, which will tend to dampen the demand for gold. Since the beginning of the year participants on the gold market have appeared to be somewhat insecure in comparison with the final quarter of 2018. The marked increase in worldwide stocks of securities backed by gold (gold ETFs) has come to an end, as has the rise in optimistic positioning of gold market speculators.

Crude Oil Brent (per barrel)



Performance	from 31.03.13 to 31.03.14	31.03.14 31.03.15	31.03.15 31.03.16	31.03.16 31.03.17	31.03.17 31.03.18	31.03.18 31.03.19
Brent in Euro	-8.81%	-34.35%	-32.27%	41.94%	15.76%	6.61%
Brent in USD	-2.05%	-48.86%	-28.14%	33.41%	33.01%	-2.68%

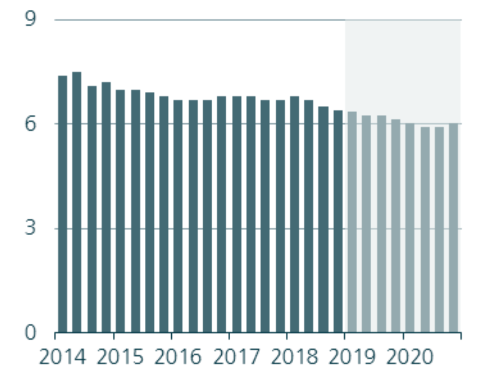
Sources: Bloomberg, forecast DekaBank

Crude oil

Oil prices have recently risen to their highest level in four months. The oversupply on the global market has been largely removed in the first quarter of 2019. This can be attributed to the cutbacks in production agreed in December 2018 by OPEC members and Russia. Moreover, global supply has also been reduced by unplanned shortfalls in Venezuela and Iran. Neither country signed the OPEC cutback agreement. In the USA, on the other hand, oil output has been rising. In view of these diverse developments on the supply side, it will hardly be possible to hold the global market in equilibrium in the course of the year, so that prices are likely to prove volatile. In 2019 demand for OPEC oil will probably remain at the current level, so that no further cutbacks will be necessary.

Emerging Markets

China: GDP (% yoy)

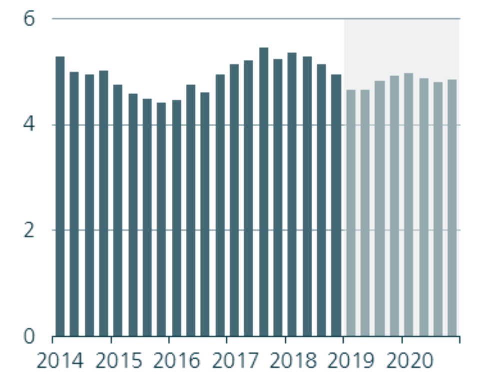


Sources: National Statistics, forecast DekaBank

China

According to media reports, substantial progress has already been made in the trade negotiations between China and the USA and the two sides could reach an agreement in April. China will presumably agree to import more US goods, introduce better regulations to protect intellectual property and grant more freedom to foreign companies. The USA would renounce the imposition of further punitive tariffs and possibly lower existing tariffs. The danger of China's economy being massively burdened by the imposition of new tariffs has diminished. However, in view of President Trump's erratic negotiating strategy China would be well advised to be wary. The rise of purchasing managers' indices in March suggests that the economy is stabilising. At the beginning of April VAT rates were lowered, which should underpin domestic demand in the months to come.

Emerging Markets: GDP (% yoy)

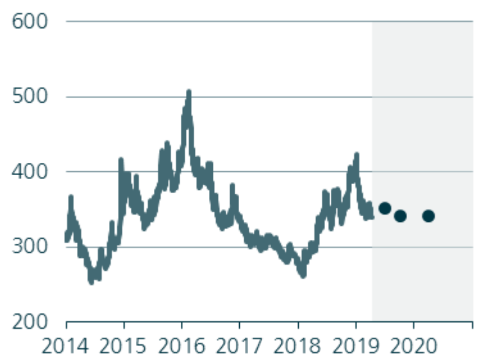


Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

For the time being the rise of the purchasing managers' indices in China has eased fears of a further downturn of the most important emerging-market economy. However, the weakness of global trade has not been overcome, which has been underscored by the weak development of export orders. All in all, there are signs in EM countries that economic growth is stabilising at a modest level, but there are no signs of a new upswing. Positive signals from the trade negotiations between China and the USA have reduced the risk of a massive burden for the global economy, which would have resulted from a further escalation into a full-scale trade war. Inflation pressure has remained weak. The Indian central bank has taken advantage of this to lower key rates for the second time in a row. Other central banks have been more cautious, but all the signs point to a medium-term easing of monetary policy.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In recent weeks the Fed has made it clear that there will be no key-rate hike in the current year and that the reduction of its balance sheet will presumably come to an end in September. This enhanced transparency with respect to the Fed's planning has been welcomed by the capital markets. Share prices in particular have been able to register significant increases, as have US dollar- and Euro-denominated bonds. The reaction of EM currencies, on the other hand, has been more restrained, which can be attributed in part to the fact that market players have already invested heavily in emerging-market currencies. Moreover, the Fed's cautious monetary policy approach can be attributed to concerns over global economic risks, which include concerns over economic growth in emerging-market countries. The recent currency turmoil in Turkey has focused investors' attention on the unsolved fundamental problems many countries are facing. The combination of loose US monetary policy and persistent economic problems will probably above all underpin the bond markets in the coming weeks, whereas the risk of a correction on equity markets has increased.

Macro Research
Economic Forecasts

April / May 2019

Global economic developments

Country / Country Group	GDP-Weights[1]	GDP			Consumer Prices[2]			Current Account			General Government Balance[3]		
		percentage change on previous year						as a percentage of nominal GDP					
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Germany	3.3	1.4	1.0	1.6	1.9	1.5	1.9	7.8	7.3	6.9	1.6	1.2	1.1
France	2.2	1.6	1.3	1.2	2.1	1.3	1.6	-0.5	-0.6	-0.4	-2.6	-3.1	-2.7
Italy	1.8	0.8	0.2	0.7	1.2	1.1	1.3	2.6	2.5	2.5	-2.1	-2.9	-3.1
Spain	1.4	2.6	2.3	1.9	1.7	1.2	1.5	1.1	0.9	1.0	-2.7	-2.1	-1.9
Netherlands	0.7	2.5	1.8	1.7	1.6	2.5	1.8	10.1	9.5	9.1	1.1	1.1	1.0
Belgium	0.4	1.4	1.4	1.3	2.3	1.9	1.9	1.2	1.1	1.1	-1.0	-1.1	-1.3
Eurozone	**11.6**	**1.8**	**1.3**	**1.4**	**1.8**	**1.4**	**1.6**	**3.7**	**3.5**	**3.3**	**-0.7**	**-0.9**	**-0.9**
United Kingdom	2.3	1.4	1.3	1.4	2.5	1.9	2.1	-3.3	-3.2	-3.0	-1.3	-1.1	-1.0
Sweden	0.4	2.4	1.9	1.8	2.0	2.3	2.8	3.2	3.0	2.9	1.1	0.9	0.8
Denmark	0.2	1.4	1.9	1.6	0.7	1.1	1.6	6.3	6.5	6.3	0.2	-0.1	0.6
EU-22	**14.5**	**1.8**	**1.3**	**1.4**	**1.9**	**1.5**	**1.7**	**2.6**	**2.4**	**2.4**	**-0.7**	**-0.9**	**-0.8**
Poland	0.9	5.1	3.6	3.3	1.7	1.5	2.3	-0.7	-0.5	-0.4	-0.9	-0.9	-2.0
Czech Republic	0.3	3.0	2.6	2.4	2.1	2.5	2.0	0.6	0.4	0.3	1.4	0.8	0.4
Hungary	0.2	5.0	3.5	2.6	2.9	2.8	3.3	1.7	2.4	2.7	-2.4	-1.9	-1.8
EU-28	**16.5**	**2.1**	**1.6**	**1.7**	**1.9**	**1.6**	**1.8**	**2.2**	**2.1**	**1.9**	**-0.9**	**-0.8**	**0.0**
USA	15.3	2.9	2.3	2.0	2.4	1.9	2.4	-2.4	-2.5	-2.5	-6.5	-7.0	-7.5
Japan	4.3	0.8	0.6	-0.1	0.9	1.3	2.4	3.5	3.0	2.5	-3.2	-3.0	-2.5
Canada	1.4	1.8	1.5	1.7	2.2	1.7	2.0	-2.6	-3.0	-3.5	-0.4	-1.0	-1.5
Australia	1.0	2.8	2.0	2.5	1.9	2.0	2.3	-2.1	-1.0	0.0	-0.6	0.0	0.0
Switzerland	0.4	2.5	1.2	1.8	0.9	0.3	0.6	10.2	9.8	9.7	0.6	0.4	0.4
Norway	0.3	2.5	2.7	1.8	2.8	2.3	1.7	7.8	7.8	7.6	5.7	5.7	5.3
Developed Countries[4]	**37.3**	**2.2**	**1.7**	**1.5**	**2.0**	**1.7**	**2.1**	**0.4**	**0.3**	**0.2**	**-3.3**	**-3.5**	**-3.7**
Russia	3.2	2.3	1.4	1.6	2.9	4.8	3.7	6.6	6.4	6.0	2.7	2.4	1.9
Turkey	1.7	2.6	-2.0	3.0	16.2	14.6	10.6	-3.7	-2.0	-2.8	-1.9	-2.3	-2.1
Ukraine	0.3	3.3	2.6	2.0	10.9	8.6	7.9	-4.0	-4.2	-3.5	-1.7	-1.6	-1.6
Emerging Europe[5]	**7.5**	**3.0**	**1.3**	**2.4**	**6.3**	**6.5**	**5.2**	**0.8**	**0.9**	**0.6**	**X**	**X**	**X**
South Africa	0.6	0.8	1.4	2.0	4.5	5.0	5.0	-3.5	-3.0	-3.3	-4.3	-4.1	-3.8
Middle East, Africa	**3.4**	**2.9**	**2.9**	**3.0**	**8.6**	**8.1**	**7.4**	**0.2**	**0.1**	**-0.3**	**X**	**X**	**X**
Brazil	2.5	1.1	2.1	2.5	3.7	3.8	3.9	-0.8	-1.1	-1.3	-7.0	-5.7	-4.8
Mexico	1.9	2.0	1.7	1.9	4.9	4.3	3.8	-1.7	-1.9	-2.6	-2.0	-2.4	-3.0
Argentina	0.7	-2.5	-1.2	2.1	34.3	46.1	22.9	-5.9	-2.2	-1.1	-5.6	-3.4	-2.4
Chile	0.4	4.0	3.3	3.0	2.3	2.2	2.6	-3.1	-2.8	-1.9	-1.7	-1.4	-1.4
Latin America	**7.0**	**0.7**	**1.5**	**2.3**	**7.0**	**8.2**	**5.6**	**-1.1**	**-1.7**	**-1.8**	**X**	**X**	**X**
China	18.2	6.6	6.2	6.0	2.1	1.8	2.2	0.4	-0.2	-0.8	-4.0	-4.4	-4.3
India	7.4	7.3	7.0	7.1	4.0	3.4	4.2	-2.8	-1.8	-1.5	-6.6	-6.5	-6.3
Indonesia	2.5	5.2	5.1	4.9	3.2	3.2	4.2	-3.0	-2.8	-2.6	-1.9	-2.2	-2.3
South Korea	1.6	2.7	2.4	2.3	1.5	0.5	2.0	4.9	4.6	4.4	1.1	0.5	0.2
Emerging Asia	**33.9**	**6.2**	**5.8**	**5.6**	**2.5**	**2.1**	**2.8**	**1.0**	**0.8**	**0.3**	**X**	**X**	**X**
Emerging Markets	**51.8**	**4.8**	**4.4**	**4.5**	**4.1**	**4.0**	**3.8**	**0.6**	**0.4**	**0.0**	**X**	**X**	**X**
Total[6]	**89.1**	**3.7**	**3.3**	**3.3**	**3.2**	**3.0**	**3.1**	**X**	**X**	**X**	**X**	**X**	**X**

1) Of 2016, recalculated with purchasing power parities. Source: IMF. - 2) Eurozone, United Kingdom, Sweden and Denmark = Harmonized Index of Consumer Prices. - 3) According to National Accounting Standards. - 4) Without Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania. - 5) Including the six member countries of the EU named before and Turkey. - 6) 66 national economies covered by DekaBank.

Interest rates in industrialised countries

		Current	Forecasts		
		Apr 8 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.31	-0.31	-0.31	-0.25
	12 months (EURIBOR)	-0.11	-0.11	-0.10	0.00
	Bunds, 2 years	-0.58	-0.55	-0.50	-0.40
	Bunds, 5 years	-0.41	-0.35	-0.30	-0.15
	Bunds, 10 years	0.01	0.05	0.15	0.30
	Bunds, 30 years	0.64	0.70	0.80	1.00
USA	Monetary policy (FFR)	2,25-2,50	2,25-2,50	2,25-2,50	2,25-2,50
	3 months (LIBOR)	2.59	2.60	2.60	2.70
	12 months (LIBOR)	2.75	2.75	2.80	2.90
	US-Treasuries, 2 years	2.34	2.45	2.50	2.70
	US-Treasuries, 5 years	2.31	2.45	2.55	2.70
	US-Treasuries, 10 years	2.50	2.60	2.70	2.80
	US-Treasuries, 30 years	2.91	3.00	3.05	3.10
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.06	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.09	0.10	0.10	0.10
	JGBs, 2 years	-0.16	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.16	-0.15	-0.15	-0.15
	JGBs, 10 years	-0.05	-0.05	-0.05	0.05
	JGBs, 30 years	0.54	0.50	0.50	0.50
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.82	0.90	0.90	1.20
	12 months (LIBOR)	1.08	1.20	1.20	1.50
	Gilts, 2 years	0.71	0.90	1.00	1.30
	Gilts, 5 years	0.86	1.10	1.30	1.40
	Gilts, 10 years	1.11	1.20	1.40	1.80
	Gilts, 30 years	1.66	1.65	1.75	1.95
Sweden	Monetary policy (Repo)	-0.25	-0.25	0.00	0.25
	3 months (STIB)	0.01	0.13	0.20	0.40
	2 years	-0.49	-0.20	0.00	0.30
	10 years	0.40	0.60	0.70	0.90
Denmark	Monetary policy (Repo)	0.05	0.05	0.10	0.25
	3 months (CIBOR)	-0.32	-0.31	-0.31	-0.25
	2 years	-0.62	-0.55	-0.50	-0.35
	10 years	0.09	0.00	0.10	0.30
Norway	Monetary policy (Deposit)	1.00	1.00	1.25	1.25
	3 months (NIBOR)	1.38	1.40	1.55	1.55
	3 years	0.80	0.90	1.10	1.30
	10 years	1.69	1.80	2.10	2.40
Switzerland	Monetary policy (LIBOR)	-1.25 to -0.25	-1.25 to -0.25	-1.25 to -0.25	-1.25 to -0.25
	3 months (LIBOR)	-0.71	-0.75	-0.75	-0.50
	2 years	-0.76	-0.65	-0.45	-0.20
	10 years	-0.29	-0.10	0.10	0.30
Canada	Monetary policy (O/N)	1.75	1.75	1.75	1.75
	3 months (CBA)	2.02	2.05	2.05	2.05
	12 months (CBA)	2.25	2.25	2.30	2.35
	2 years	1.59	1.70	1.80	2.15
	5 years	1.57	1.70	1.90	2.20
	10 years	1.70	1.80	2.00	2.35
	30 years	1.97	1.90	2.10	2.45
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.50
	3 months (ABB)	1.72	1.75	1.75	1.80
	2 years	1.47	1.50	1.65	1.95
	10 years	1.87	1.95	2.15	2.45

Interest rates in EM countries

			Current	Forecasts		
			Apr 8 2019	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	1.50	1.50	1.50	1.50
		3 months (WIB)	1.62	1.60	1.65	1.70
		2 years	1.67	1.70	1.80	1.90
		10 years	2.92	2.90	3.00	3.20
	Czech Rep.	Monetary policy (Repo)	1.75	1.75	2.00	2.25
		3 months (PRIBOR)	2.02	2.00	2.10	2.30
		2 years	1.81	1.80	2.00	2.10
		10 years	1.96	2.00	2.20	2.40
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.16	0.20	0.30	0.60
		3 years	1.31	1.30	1.40	1.60
		10 years	3.03	3.00	3.00	3.10
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.50	7.25
		3 months (ABG)	6.42	6.50	6.50	7.30
		2 years	7.22	6.90	6.80	6.70
		10 years	8.91	8.70	8.60	8.50
	Mexico	Monetary policy	8.25	8.25	8.00	8.00
		3 months (Mexibor)	8.07	8.20	8.20	8.00
		2 years	7.81	8.10	8.05	7.80
		10 years	7.97	8.20	8.00	8.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.75	2.80	2.80	2.90
		3 years	2.74	2.70	2.70	2.80
		10 years	3.26	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.94	1.80	1.90	2.00
		2 years	1.89	2.00	2.10	2.20
		10 years	2.09	2.30	2.30	2.40
	South Korea	Monetary policy	1.75	1.75	1.75	1.75
		3 months	1.75	1.75	1.80	1.75
		2 years	1.75	1.90	1.90	2.00
		10 years	1.90	2.10	2.10	2.20

Yield spreads in basis points[1)]

			Current	Forecasts		
			Apr 8 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	219	225	220	220
		Turkey	396	490	470	470
		Hungary	115	110	105	105
	Africa	South Africa	283	305	300	300
	Latin America	Brazil	228	250	240	240
		Chile	138	135	130	130
		Columbia	182	185	180	180
		Mexico	313	310	300	300
	Asia	China	125	115	110	110
		Indonesia	189	195	190	190
		Philippines	86	95	90	90
	Total (EMBIG Div)		**340**	**350**	**340**	**340**

1) The yield spread is calculated as the market weighted sum of the spreads between the respective USD-bonds and the US-treasuries of corresponding maturity. The Emerging Markets Bond Index Global Div (EMBIG Div) is relevant.

April / May 2019

Currencies

EURO		Current	Forecasts		
		Apr 8 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	EUR-USD	1.12	1.13	1.15	1.17
	EUR-CAD	1.50	1.50	1.52	1.52
	EUR-AUD	1.58	1.59	1.62	1.60
Japan	EUR-JPY	125.19	125.43	128.80	132.21
Euro-Outs	EUR-GBP	0.86	0.86	0.86	0.86
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.43	10.30	10.00	9.90
	EUR-CHF	1.12	1.14	1.15	1.16
	EUR-NOK	9.64	9.50	9.50	9.40
Central- and Eastern Europe	EUR-PLN	4.29	4.30	4.25	4.20
	EUR-HUF	321.56	320.00	320.00	315.00
	EUR-CZK	25.64	25.70	25.70	25.50
Africa	EUR-ZAR	15.90	15.59	16.56	17.32
Latin America	EUR-BRL	4.35	4.07	4.37	4.50
	EUR-MXN	21.48	21.92	23.00	23.63
Asia	EUR-CNY	7.55	7.63	7.82	8.01
	EUR-SGD	1.52	1.54	1.55	1.57
	EUR-KRW	1287	1277	1311	1346
US-Dollar		**Current**	**Forecasts**		
		Apr 8 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.34	1.33	1.32	1.30
	AUD-USD	0.71	0.71	0.71	0.73
Japan	USD-JPY	111.46	111.00	112.00	113.00
Euro-Outs	GBP-USD	1.31	1.31	1.34	1.36
	USD-DKK	6.65	6.59	6.48	6.37
	USD-SEK	9.29	9.12	8.70	8.46
	USD-CHF	1.00	1.01	1.00	0.99
	USD-NOK	8.58	8.41	8.26	8.03
Central- and Eastern Europe	USD-PLN	3.82	3.81	3.70	3.59
	USD-HUF	286.29	283.19	278.26	269.23
	USD-CZK	22.83	22.74	22.35	21.79
Africa	USD-ZAR	14.16	13.80	14.40	14.80
Latin America	USD-BRL	3.87	3.60	3.80	3.85
	USD-MXN	19.12	19.40	20.00	20.20
Asia	USD-CNY	6.72	6.75	6.80	6.85
	USD-SGD	1.36	1.36	1.35	1.34
	USD-KRW	1146	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	Apr 8 2019	**3 months**	**6 months**	**12 months**
Gold (USD per troy ounce)	1,297.56	1,285	1,265	1,250
Gold (EUR per troy ounce)	1,155.24	1,140	1,100	1,070
WTI crude (USD per Barrel)	63.08	58	60	60
WTI crude (EUR per Barrel)	56.16	51	52	51
Brent crude (USD per Barrel)	70.18	65	66	65
Brent crude (EUR per Barrel)	62.48	58	57	56

April / May 2019

Your contacts at Deka:

Chief Economist: Dr. Ulrich Kater: +49 69 7147-2381; email: ulrich.kater@deka.de
Head of Economics: Dr. Holger Bahr: -2846; email: holger.bahr@deka.de
Head of Capital Markets and Strategy: Joachim Schallmayer: -3807; email: jochim.schallmayer@deka.de

Industrial Countries/Sector Analysis
Rudolf Besch: -5468; email: rudolf.besch@deka.de (USA, Dollarbloc, Japan)
Dr. Marina Lütje: Tel. -9474; E-Mail: marina.luetje@deka.de (Euro-Outs ex Middle and East. Europe, Currencies)
Dr. Christian Melzer: -2851; email: christian.melzer@deka.de (EMU, Currencies)
Dr. Andreas Scheuerle: -2736; email: andreas.scheuerle@deka.de (Germany, EMU, Sector Analysis)

Macro Trends/Commodities
Dr. Dora Borbély: -5027; email: dora.borbely@deka.de
Dr. Gabriele Widmann: -2559; email: gabriele.widmann@deka.de

Emerging Markets/ Country Risk Analysis
Janis Hübner: -2543; email: janis.huebner@deka.de (Asia ex Japan, Middle East)
Daria Orlova: -3891; email: daria.orlova@deka.de (Middle and Eastern Europe)
Mauro Toldo: -3556; email: mauro.toldo@deka.de (Latin America, Africa)

Central Bank Watching and Capital Markets
Sandra Ebner: -5036; email: sandra.ebner@deka.de (Market-based approach)
Michael Ramon Klawitter: -5789; email: michael.klawitter@deka.de (Floor economist)
Carsten Lüdemann: -2625; email: carsten.luedemann@deka.de (Bond market strategy)
Kristian Tödtmann: -3760; email: kristian.toedtmann@deka.de (ECB, Eurobond market)

Market Analysis and Processes
Gunnar Meyke: -5802; email: gunnar.meyke@deka.de
Dr. Ulrich Weikard: -5790: email: ulrich.weikard@deka.de

Real Estate Research
Daniela Fischer: -7549; email: daniela.fischer@deka.de
Nikola Stephan: -1023; email: nikola.stephan@deka.de
Andreas Wellstein: -3850; email: andreas.wellstein@deka.de

Internet: https://deka.de/deka-gruppe/research

Impressum: https://deka.de/deka-gruppe/impressum